

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

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FEDERAL TRADE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	NO. 5:98-CV-0629-FB
	)	
HOLD BILLING SERVICES, Ltd., <i>et .al</i>	)	
	)	
Defendants.	)	
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**RESPONDENTS' ADR REPORT**

Pursuant to the Court's May 3, 2013 Scheduling Order [Doc. No. 112] and Local Rule CV-88, Respondents submit this ADR Report:

1. Since March 2012, Respondents have attempted to engage the FTC in dialogue to resolve this dispute through prior trial counsel (John Roberti of Mayer Brown) and through regulatory counsel (Randal M. Shaheen of Venable). Respondents have provided the FTC's trial counsel with financial terms for resolution, supported by financial disclosures. Respondents have also identified operational changes – e.g., the termination of third-party billing for enhanced services – that will ensure that the alleged practices cannot be repeated. Finally, Respondents have urged that consumers have the opportunity to obtain full refunds of allegedly unauthorized charges by way of two pending nationwide class action settlements to which Respondents are financially contributing, and that Respondents do not have the ability to pay a settlement in this case based upon what the FTC refers to as “full consumer redress.”

2. The FTC has declined Respondents' offer based on ability to pay and has not made any counteroffer. Although the FTC often settles matters based upon the amount a

respondent is financially able to pay, the FTC has expressed an unwillingness to do so in this instance.

3. Respondents believe that in-person mediation among Respondents' executives (General Counsel, Kelli Cubeta, and Chief Executive Officer, Norm Phipps) and the FTC's director-level representatives would be productive. Although Respondents have outlined to the FTC the reasons they believe a settlement of this matter would be in the best interest of all parties, including consumers, Respondents have not discussed mediation with the FTC as of the date of this submission. Therefore, a mediator suitable to the case and parties has not been identified and there is no agreement as to how a mediator would be compensated.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I certify that on June 14, 2013, a true and correct copy of the foregoing document was filed with the Clerk of Court using the CM/ECF system which will send electronic notification to all counsel of record.

By: /s/ Dina M. Cox

Dina M. Cox

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